

Message Text

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INFO AMEMBASSY ATHENS IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 10392

ATHENS FOR ASSISTANT SECRETARY HARTMAN

FOLLOWING SENT ACTION SECSTATE INFO EC BRUSSELS BONN
NATO PARIS TOKYO OTTAWA BRUSSELS LONDON FROM OECD PARIS
23 APR 75 RPTD YOU: QUOTE

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: IEA MINISTERIAL MAY 27

1. SUMMARY. MAY 27 IEA MINISTERIAL WILL BE EXCELLENT
OCCASION TO PROVIDE U.S. ASSESSMENT OF PROGRESS TO DATE
IN DEVELOPING CONSUMER SOLIDARITY, TO GIVE HIGH LEVEL
POLITICAL ENDORSEMENT TO IEA WORK PROGRAMS AND TO DEVELOP
MORE CLEARLY AT POLITICAL LEVEL FUTURE OBJECTIVES
AND STRATEGY FOR AGENCY IN AFTERMATH OF PREPCON
COLLAPSE. FOLLOWING VIEWS ON OBJECTIVES, AGENDA/
SCENARIO, AND CHAIRMANSHIP FOR MEETING HAVE BEEN
DEVELOPED AFTER DISCUSSIONS WITH IEA DIRECTOR LANTZKE
AND KEY DELEGATIONS. OUR COMMENTS ON THESE INTER-
RELATED ISSUES ARE PROVIDED FOR DEPARTMENT'S CONSIDERA-
TION IN ADVANCE OF APRIL 28 GOVERNING BOARD DISCUSSION.
END SUMMARY

2. OBJECTIVES: THE OBJECTIVES FOR THIS MEETING AS
REFLECTED IN DRAFT AGENDA (PARA 6 BELOW) PREPARED BY
LANTZKE AND CLEARED WITH DAVIGNON ARE TO:

- REVIEW DEVELOPMENTS SINCE WASHINGTON ENERGY
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- UNDERLINE NEED FOR REDOUBLED EFFORTS IN LONG-TERM

COOPERATION AREA AND CALL FOR HIGH-LEVEL POLITICAL
COMMITMENTS TO THESE PROGRAMS; AND

-- DEFINE STRATEGY FOR PRODUCER/CONSUMER RELATIONS
IN PERIOD AHEAD.

3. MISSION COMMENTS: WE BELIEVE THESE OBJECTIVES ARE
IMPORTANT ONES AND CONSONANT WITH VIEWS OUTLINED TO US
PREVIOUSLY BY ENDERS. WITH FAILURE OF PREPCON IT
ESSENTIAL, BOTH FOR PSYCHOLOGICAL AND OBJECTIVE REASONS,
THAT WORK PROGRAM PRESS AHEAD AT FULL SPEED. WORKING
LEVELS IN KEY DELEGATIONS AND IN IEA HAVE REVEALED SOME
CONCERN THAT, AS RESULT COLLAPSE OF P/C DIALOGUE, AS
WELL AS OF PERCEIVED DIFFICULTIES OF U.S. ADMINISTRATION
IN GAINING CONGRESSIONAL AND PUBLIC SUPPORT FOR
MEANINGFUL CONSERVATION/LONG-TERM PROGRAMS, AGENCY MAY
BEGIN DRIFTING WITHOUT CLEAR SENSE OF PURPOSE. THEY
HAVE EXPRESSED FEAR THAT IF U.S. DOES NOT CONTINUE PLAY
CREATIVE AND LEADING ROLE INSTITUTIONAL ENTROPY WILL SET
IN.

4. THUS, MISSION BELIEVES SECRETARY SHOULD USE OCCASION
OF MINISTERIAL TO:

- PROVIDE U.S. VIEWS ON FUTURE GOALS FOR AGENCY--
GOALS WHICH WOULD REMAIN VALID REGARDLESS OF
STATUS OF PRODUCER/CONSUMER DIALOGUE.
(WE ASSUME PRIMARY GOAL IS REESTABLISHMENT OF
GENERAL EQUILIBRIUM BETWEEN PRODUCERS AND
CONSUMERS, WHERE NEITHER HAS OVERWHELMING POWER
OVER MARKETPLACE.)
- GIVE OUR ASSESSMENT OF PROBABLE FUTURE SHIFTS IN
MARKET EQUILIBRIUM AND HOW SHIFTS WILL AFFECT
PROSPECTS FOR DEVELOPMENT OF DIALOGUE WITH
PRODUCERS AND/OR LDC'S.
- PRESENT OUR ANALYSIS OF WHAT THE NEW OPEC/LDC
POLITICAL SOLIDARITY, AS EVIDENCED AT PREPCON,
MEANS FOR INDUSTRIALIZED WORLD.
- ASSURE AGENCY MEMBERS THAT U.S. WILL CONTINUE TO
PLAY VERY ACTIVE AND LEADING ROLE IN IEA.
- CONVINCE GROUP THAT U.S. IS FULLY COMMITTED TO
SERIOUS CONSERVATION EFFORT AND CREATIVE LONG-TERM

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PROGRAM (PARTICULARLY FLOOR PRICE CONCEPT WHICH,
DESPITE RESERVATIONS, IS GENERALLY CONSIDERED
FOCAL POINT FOR ACCELERATED DEVELOPMENT PROGRAM).

- FOCUS POLITICAL LEVEL ATTENTION ON IMPORTANCE
OF EMERGENCY SHARING PROGRAM AND REEMPHASIZE
NECESSITY FOR APPROPRIATE PREPARATIONS TO ENSURE
SCHEME WORKS EFFECTIVELY IN CRISIS. (SOME FEAR
THIS PART OF IEP, WHICH WAS INITIAL OBJECTIVE OF

CONSUMER COORDINATION, HAS FADED AS RESULT RECENT
EMPHASIS ON OTHER ASPECTS IEP. HOWEVER, CLEAR
CONVICTION THAT EFFECTIVE SHARING SCHEME EXISTS

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WILL BE A PRIMARY DETERMINANT OF GROUP POLITICAL/
ECONOMIC COHESIVENESS IN A CRISIS.)

5. AGENDA AND SCENARIO: FOLLOWING IS DRAFT AGENDA
DEVELOPED BY LANTZKE AND DAVIGNON (REMARKS IN

PARENTHESIS REFLECT LANTZKE'S COMMENTS):

MORNING SESSION

I. REVIEW DEVELOPMENTS SINCE WASHINGTON ENERGY
CONFERENCE

II. FUTURE DIRECTION OF WORK ON LONG TERM COOPERA-
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TION PROGRAM: (UNDERLINING NECESSITY FOR MORE,
RATHER THAN LESS, WORK IN AFTERMATH OF PREPCON
COLLAPSE)

-- CONFIRM POLITICAL COMMITMENTS ON:

--- 1976-77 CONSERVATION OBJECTIVES:

(LANTZKE SAYS THAT UNDER THIS AGENDA
ITEM, EC AND JAPAN LIKELY WILL CRITICIZE
U.S. CONSERVATION EFFORTS TO DATE.)

--- ACCELERATED DEVELOPMENT

--- R&D

--- OIL COMPANIES

AFTERNOON SESSION

III. RELATIONS WITH PRODUCERS AND OTHER OIL CONSUMERS

-- IS A P/C DIALOGUE STILL AN IEA OBJECTIVE?

-- ARE CONSUMERS PREPARED TO MODIFY THEIR STANCE
ON THE AGENDA? (IF SO, COORDINATION OF NEW
CONSUMER POSITIONS SHOULD BEGIN LONG BEFORE
DATE FOR NEXT P/C MEETING)

-- WHAT IS IEA POSITION ON LDC DEMANDS? (IS IT
BETTER TO REMAIN ON DEFENSIVE OR TO WIN
BACK THE INITIATIVE?)

-- WHAT ARE CHANNELS FOR FUTURE CONTACTS IN
ABSENCE OF FULL DIALOGUE? (BILATERAL?
SECRETARIAT-TO-SECRETARIAT?)

IV. COMMUNIQUÉ (DAVIGNON BELIEVES IT SHOULD BE A
FORMAL DECLARATION) CONTAINING:

-- POLITICAL COMMITMENTS ON CONSERVATION,
ACCELERATED DEVELOPMENT, R&D, OIL COMPANIES.

-- CONCLUSIONS TO BE DRAWN FROM FAILURE OF
PREPCON AND IMPLICATIONS FOR FUTURE. (SHOULD
BE A RESPONSE TO THE ALGIERS COMMUNIQUE)

6. SCENARIO: LANTZKE WISHES FOCUS AGENDA ON KEY
POLITICAL COMMITMENTS NEEDED ON LONG TERM PROGRAM WHILE
ALLOWING SUFFICIENT TIME FOR ESSENTIAL DISCUSSION OF
IMPLICATION OF PREPCON COLLAPSE AND FUTURE DIRECTION OF
IEA. THEREFORE, THESE RELATED ISSUES ARE SPLIT INTO TWO
ITEMS, WITH LONG TERM COOPERATION FIRST BECAUSE OF
CONCERN THAT, ONCE DISCUSSION OF PRODUCER/CONSUMER
RELATIONS BEGINS, IT MAY BE IMPOSSIBLE TO GET ON TO
OTHER ISSUES. LANTZKE WOULD CIRCULATE NOTE ADDRESSING
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AGENDA ITEMS ONE AND TWO, DIRECTING DISCUSSION TO
CRUCIAL POINTS UNDER AGENDA ITEM TWO WHERE MINISTERS
NEED TAKE ACTION.

7. LANTZKE ALSO FEARS ALL 18 MINISTERS MAY WISH MAKE
FORMAL STATEMENTS AT OUTSET OF MEETING. IN ORDER
DISCOURAGE THIS, DAVIGNON WILL PROBABLY MAKE ORAL REPORT
UNDER AGENDA ITEM ONE AND ASK FOR COMMENTS ON HIS REPORT
ONLY. LANTZKE BELIEVES DANGER OF 18 FORMAL STATEMENTS
WILL BE GREATLY INCREASED IF SECRETARY GIVES HIS KEYNOTE
ADDRESS AT BEGINNING OF MEETING, AND BELIEVES STATEMENT
WOULD BEST BE MADE SOMEWHAT LATER ON, PERHAPS IN
RESPONDING TO DISCUSSION UNDER AGENDA ITEM TWO. THIS
WOULD ALLOW FOR DISCUSSION OF STATEMENT AT WORKING LUNCH
AND IN AFTERNOON SESSION UNDER ITEM ON PRODUCER/
CONSUMER RELATIONS.

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8. MISSION COMMENTS: PROPOSED AGENDA APPEARS TO BE INCLUSIVE ENOUGH TO COVER ALL OUR OBJECTIVES. PROBLEM IS WHETHER:

-- TO ENCOURAGE LANTZKE AND DAVIGNON TO PREPARE SEPARATE AND CONSECUTIVE DISCUSSIONS UNDER EACH OF FOUR AGENDA ITEMS, IN EFFECT SPLITTING CONSIDERATION OF CONSUMER COOPERATION ISSUES FROM PRODUCER/CONSUMER DIALOGUE

-- OR, WHETHER TO URGE INSTEAD SCENARIO ALONG LINES TO BE FOLLOWED IN OECD MINISTERIAL MEETING, IN WHICH ALL ISSUES FOR FIRST DAY'S CONSIDERATION CAN BE TREATED
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SIMULTANEOUSLY.

9. ADVANTAGES OF FORMER APPROACH ARE THOSE STATED BY LANTZKE AS ABOVE. ADVANTAGE OF LATTER APPROACH IS TO FACILITATE SECRETARY'S DEALING WITH BOTH CONSUMER COOPERATION AND PRODUCER/CONSUMER DIALOGUE IN A CONCEPTUALLY INTEGRATED STATEMENT. IT MAY ALSO DEVELOP IN COURSE OF GB DISCUSSIONS THAT SOME KEY COUNTRIES WILL NOT WANT TO ENGAGE IN DISCUSSION LEADING TO FURTHER COMMITMENT ON CONSUMER COOPERATION UNTIL THEY HAVE BETTER APPRECIATION OF FUTURE DIALOGUE BETWEEN CONSUMERS AND PRODUCERS.

10. WHICH SCENARIO US SHOULD OPT FOR MAY LARGELY DEPEND ON SUBSTANTIVE CONTENT SECRETARY'S STATEMENT, E.G.

-- WILL HE BE ABLE TO MAKE ANY SUBSTANTIVE COMMITMENT UNDER LONG TERM COOPERATION ITEM (IN WHICH EVENT WE MIGHT PREFER THE SPLIT DISCUSSION)

-- OR, WILL HE HAVE NEW LINKAGE FORMULA TO PROPOSE AS SUBSTITUTE FOR MARTINIQUE FORMULA (IN WHICH EVENT A MORE INTEGRATED AGENDA MIGHT BE PREFERABLE).

-- WHICHEVER APPROACH WE ADOPT, IT IS IN OUR INTEREST TO ASSIST DAVIGNON AND LANTZKE IN THEIR EFFORTS UNDER AGENDA ITEM ONE TO AVOID FORMAL STATEMENTS BY ALL LI MINISTERS.

11. AT FORTHCOMING GB MEETINGS AN UNDERSTANDING SHOULD

BE REACHED WITH DAVIGNON AND LANTZKE THAT CHAIRMAN MIGHT ALLOW SECRETARY AND PERHAPS A FEW OTHER KEY MINISTERS TO MAKE COMPLETE CONCEPTUAL STATEMENTS EARLY IN THE MEETING BUT OTHERS SHOULD BE DISCOURAGED FROM DOING SO.

12. CHAIRMANSHIP: ACCORDING TO LANTZKE, DAVIGNON HAD ASSUMED A BELGIAN MINISTER WOULD REPLACE HIM IN CHAIR. DAVIGNON DOES NOT BELIEVE CHAIRMAN WILL PLAY IMPORTANT ROLE AND HAS INDICATED IT MUCH EASIER FOR HIM PERSONALLY IF CHAIR IS GIVEN TO BELGIUM. LANTZKE INFORMED DAVIGNON YESTERDAY, HOWEVER, THAT IT NOT NORMAL OECD PROCEDURE FOR COUNTRY CHAIRING COMMITTEE-LEVEL MEETINGS TO CHAIR MINISTERIAL MEETING, AND THERE WAS FEELING AMONG SOME DELEGATIONS THAT NON-BELGIAN SHOULD OCCUPY CHAIR. DAVIGNON SAID IF OTHERS HAVE SOUND REASONS FOR WANTING CONFIDENTIAL

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CHAIR BELGIUM PROBABLY WON'T PRESS THE POINT. (FYI: RUMORS REFERRED TO BY LANTZKE REFER TO COMMENTS WE HAVE PICKED UP HERE INDICATING THAT:

- CANADIANS AND GERMANS BELIEVE MEETING SHOULD BE CHAIRED AT MINISTERIAL LEVEL BY A NON-BELGIAN (THEY BELIEVE DAVIGNON, NOT GOB, WAS GIVEN GB CHAIRMANSHIP).

- CANADIANS PREFER A JAPANESE.

- BRITISH AT WORKING LEVEL HERE HAVE HINTED THEY MIGHT LIKE IEA CHAIR IN ADDITION TO CHAIRING OECD MINISTERIAL, BUT ARE NOT PREPARED TO ATTEMPT TO UNSEAT BELGIANS. BRITISH DCM HAS SAID THAT THE QUESTION HAS GONE BACK TO CALLAGHAN WHETHER HE WOULD LIKE TO CHAIR IEA MEETING (IF OTHERS REQUEST) IN ADDITION TO CHAIR FIRST DAY OF OECD MEETING.)

- GERMANS BELIEVE CHAIRMANSHIP OF BOTH MEETINGS BY SAME COUNTRY (UK) MIGHT MAKE SENSE BECAUSE ENERGY WILL BE DISCUSSED AT OECD MINISTERIAL.

- SECRETARY-GENERAL VAN LENNEP ALSO BELIEVES CHAIR SHOULD GO TO NON-BELGIAN. (LANTZKE BELIEVES SECGEN'S MOTIVATION IS TO ENSURE IEA PROCEDURE FOR MINISTERIAL LEVEL MEETINGS IS SIMILAR TO THAT OF OECD.)

13. MISSION COMMENTS: REGARDLESS OF ORDER AND STRUCTURE OF AGENDA POINTS (E.G. WHETHER LONG-TERM COOPERATION AND PRODUCER/CONSUMER ISSUES SHOULD BE ADDRESSED ENSEMBLE OR SERIATUM), WE BELIEVE SKILLFUL CHAIRMAN WILL BE NECESSARY IF MOST MINISTERS ARE TO BE PREVAILED UPON TO FOREGO LENGTHY STATEMENTS (WHILE AT SAME TIME PROVIDING RIGHT MOMENT FOR U.S. TO MAKE KEYNOTE ADDRESS) AND IF MEETING IS TO COVER NECESSARY GROUND AND REACH PRECISE CONCLUSION TO BE RECORDED IN COMMUNIQUE. TURNER

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